

Message Text

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ACTION EB-08

INFO OCT-01 ARA-06 ISO-00 AGR-05 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15 STR-04
ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00
OMB-01 /085 W

-----251828Z 111341 /44

P 251510Z APR 77

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC PRIORITY 3709

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E.O. 11652: N/A

TAGS: ETRD, UY

SUBJ: NON-RUBBER FOOTWEAR STATISTICAL INFORMATION

REF: STATE 85744

1. FOLLOWING INFORMATION, PROVIDED BY URUGUAYAN SHOE INDUSTRY
SOURCES, IS KEYED TO REFTEL PAR. 1:

(A) CURRENT AND PLANNED CAPACITY (FIGURES ARE YEAR-END ESTIMATES)

	FOR EXPORT	DOMESTIC CONSUMPTION	TOTAL PAIRS
1977	5,630,565	2,208,000	7,838,565
1978	7,819,350	2,210,000	10,029,350
1979	8,601,285	2,280,000	10,881,285
1980	9,461,414	2,340,000	11,801,414
1981	10,407,555	2,400,000	12,807,555

NOTE: THESE ARE INFORMED PROJECTIONS ONLY BASED UPON CURRENT
TRENDS AND EXPECTATIONS. IN ADDITION, ACTUAL PRODUCTION IS LIKELY
TO LAG BEHIND INSTALLED CAPACITY FOR A NUMBER OF REASONS. DOMESTIC
PRODUCTION IS LESS THAN CURRENT CAPACITY BECAUSE OF ECONOMIC
DIFFICULTIES. HOWEVER, SMALL SIZE OF URUGUAYAN MARKET PRECLUDES
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GROWTH OF INDUSTRY FOR LOCAL CONSUMPTION.

(B) NEW INVESTMENT: ONE AMERICAN SHOE COMPANY IS NOW ESTABLISHING
A NEW PLANT IN URUGUAY. ITS PRODUCTION WILL BE DESTINED FOR THE US
MARKET. NEARLY \$1 MILLION IN MACHINERY IS ON ORDER FOR THIS PLANT
OR NOW BEING DELIVERED. TOTAL NEW INVESTMENT (BUILDINGS AND
MACHINERY) IN THE URUGUAYAN SHOE INDUSTRY 1974/1977 IS ESTIMATED

AT \$5.4 MILLION. EMBASSY IS UNAWARE OF ANY OTHER PLANNED INVESTMENTS THAT INVOLVE NEW PRODUCTION FACILITIES. NEWSPAPER REPORTS SPECULATE THAT A BELGIAN FIRM IS CONSIDERING BUYING OR BUILDING A PLANT FOR THE EUROPEAN MARKET. IT DOES SEEM LIKELY THAT SMALLER PLANTS WILL CONTINUE TO EXPAND IN LINE WITH GROWING DEMAND. THE URUGUAYAN MARKET ITSELF IS SMALL AND NEIGHBORING COUNTRIES DO NOT OFFER AN EXPORT MARKET. NEW CAPACITY, AS SHOWN IN PART (A), WILL BE FOR EXPORT. IT IS DIFFICULT TO PROJECT AT WHAT LEVEL URUGUAYAN PRODUCTION WILL STABILIZE, BUT INDUSTRY EXPERTS DO NOT FORESEE MUCH GROWTH PAST 12 MILLION PAIR CAPACITY BECAUSE OF RESOURCE AND POPULATION LIMITATIONS. PRODUCERS ARE AWARE OF DANGERS IN RELYING ON ONE MARKET AND EFFORTS ARE BEING MADE TO DIVERSITY EXPORT PRODUCTION.

(C) EXPORTS TO USA DURING PAST FIVE YEARS (PAIRS)

1972	NEGILIGIBLE
1973	48,000
1974	208,000
1975	1,148,000
1976	2,138,000

THE OVERWHELMING MAJORITY OF URUGUAYAN EXPORTS HAVE BEEN ALL-LEATHER WOMEN'S SHOES. ESTIMATE AVERAGE EXPORT PRICES WERE:

1973	\$5.66
1974	\$5.57
1975	1975 \$5.26

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1976	\$6.03
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EMBASSY UNDERSTANDS THAT INDUSTRY RULE OF THUMB IS TO USE A FACTOR OF THREE TEARRIVE AT US RETAIL PRICE.

PROJECTED EXPORTS TO THE US (PAIRS)

1977	3.5 MILLION
1978	6.8 MILLION
1979	7.5 MILLION
1980	8.4 MILLION
?81	9.2 MILLION

2. THE PROJECTED EXPORTS DO NOT TAKE INTO ACCOUNT ATTEMPTS TO DIVERSIFY MARKETS. IN ADDITION, PROJECTIONS ARE BASED ON REGULAR SHOE (RATHER THAN BOOT) PRODUCTION. AT THE MOMENT, 80 PERCENT OF URUGUAY'S EXPORT PRODKCTION IS WOMEN'S LEATHER BOOTS, WHICH OF COURSE CANNOT BE PRODUCED AS RAPIDLY AS SHOES. THE REMAINDER IS PRIMARILY WOMENS SHOES. IT IS NOT POSSIBLE,

HOWEVER, TO PROJECT FUTURE STYLES, AND PLANS NOW INCLUDE
THE PRODUCTION OF MENS ALL-LEATHER SHOES.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOOTWEAR, PRODUCTION DATA, EXPORT DATA
Control Number: n/a
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MONTEV01564
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770143-1159
Format: TEL
From: MONTEVIDEO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770423/aaaaatna.tel
Line Count: 119
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4236969f-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 85744
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 14-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2706181
Secure: OPEN
Status: NATIVE
Subject: NON-RUBBER FOOTWEAR STATISTICAL INFORMATION
TAGS: ETRD, UY, US
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/4236969f-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009